



# Top Employment Tax Issues

## IRS Specialty Programs

# 2009 ARRA COBRA Continuation Provisions

- Assistance eligible individuals pay only 35% of total premium cost for 9 months
- Former employer pays 65% of total premium and may offset Federal payroll tax deposits
- Excess COBRA payments over Federal tax deposits are claimed as a credit on Form 941

# 2009 ARRA COBRA Continuation Provisions

- Form 941
  - No additional information needed
  - New lines 12a, 12b, and 13
- Maintain supporting documentation
- Updates on IRS.gov and DOL.gov





# 2009 ARRA

## Making Work Pay Credit

- Refundable Tax Credit for 2009 – 2010
- 6.2% of Earned Income phased out with AGI limit
- Reduced withholding for wage earning employees
- Revised Form W-4 not required

# Heroes Earnings Assistance and Relief Tax Act of 2008

- New rules for reporting and taxation of military differential pay
- Voluntary payments by employer
- Not “Wages” for employment taxes - reported on Form 1099-MISC
- Not subject to Self Employment tax



# Worker Classification

- Independent Contractors
- Employees

Independent  
Contractor



or Employee . . .



# Form SS-8

Form <b>SS-8</b> (Rev. January 2001) Department of the Treasury Internal Revenue Service	<b>Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding</b>	OMB No. 1545-0004
Name of firm (or person) for whom the worker performed services	Worker's name	
Firm's address (include street address, apt. or suite no., city, state, and ZIP code)	Worker's address (include street address, apt. or suite no., city, state, and ZIP code)	
Trade name	Telephone number (include area code) (       )	Worker's social security number :       : :       :
Telephone number (include area code) (       )	Firm's employer identification number :	Worker's employer identification number (if any) :

### Important Information Needed To Process Your Request

If this form is being completed by the worker, the IRS must have your permission to disclose your name to the firm. Do you object to disclosing your name and the information on this form to the firm? ☐ Yes ☐ No  
If you answered "Yes" or did not check a box, stop here. The IRS cannot act on your request and a determination will not be issued.

**You must answer ALL items OR mark them "Unknown" or "Does not apply." If you need more space, attach another sheet.**

- A** This form is being completed by: ☐ Firm ☐ Worker; for services performed \_\_\_\_\_ (beginning date) to \_\_\_\_\_ (ending date).
- B** Explain your reason(s) for filing this form (e.g., you received a bill from the IRS, you believe you received a Form 1099 or Form W-2 erroneously, you are unable to get worker's compensation benefits, you were audited or are being audited by the IRS). \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- C** Total number of workers who performed or are performing the same or similar services \_\_\_\_\_
- D** How did the worker obtain the job? ☐ Application ☐ Bid ☐ Employment Agency ☐ Other (specify) \_\_\_\_\_
- E** Attach copies of all supporting documentation (contracts, invoices, memos, Forms W-2, Forms 1099, IRS closing agreements, IRS rulings, etc.). In addition, please inform us of any current or past litigation concerning the worker's status. If no income reporting forms (Form 1099-MISC or W-2) were furnished to the worker, enter the amount of income earned for the year(s) at issue \$ \_\_\_\_\_
- F** Describe the firm's business. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# Backup Withholding

- Backup Withholding applies to Form 1099 and reportable payments
- No TIN cases = immediate backup withholding
- TIN mismatch cases = action on the part of the payer





# Backup Withholding

- CP2100 Notices
- Penalty Program
- Compliance Pilot Program



# Forms 94X

- Adjusted Employment Tax stand alone forms: 941X, 943X, 944X, 945X, CT-1X
- Corresponds to and relates line-by-line with Employment Tax return it corrects
- New for 2009 Tax Year



# Collection of Trust Fund Taxes

- Prompt Filing of Notice of Federal Tax Lien
- Assertion of Trust Fund Recovery Penalty
- Simultaneous Collection from both Business Entity and Responsible Parties



# More information on IRS.gov

- Small Business Tax Workshop DVD
- Small Business Resource Guide CD-ROM
- e-News for Tax Professionals
- e-News for Small Businesses
- IRS Phone Forums
- Video and Audio Presentations
- IRS Tax Calendar

